

Met Council Local Housing Incentive Account (LHIA)

Program Guide

ADDITIONAL MHIG FUNDING CRITERIA

Livable Communities Act-Local Housing Incentives Account (LHIA)

Funds from this account are awarded as grants that must be matched on a dollar-for-dollar basis by the municipality receiving the funds. These grant funds may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals, including, but not limited to, acquisition, rehabilitation, and construction of permanent affordable and life-cycle housing.

Beginning with grants awarded after January 25, 2006, no applicant for a Metropolitan Council LCA grant shall be eligible for LCA grant funds from the Metropolitan Council if the project for which an LCA grant is requested requires the exercise of eminent domain authority over private property for purposes of "economic development" as defined by Council policy. (<http://www.metrocouncil.org/services/livcomm.htm>)

Threshold Criteria

- To be eligible, a municipality must have: 1) elected to participate in the Livable Communities Act Local Housing Incentives Account program; 2) negotiated housing goals adopted by the Metropolitan Council; and 3) identified to the Council the actions it plans to take to achieve these negotiated housing goals.
- The municipality must be actively pursuing various ways to meet its negotiated affordable and life-cycle housing goals.
- The municipality must match the amount of the LHIA funds to be awarded with a local affordable housing investment or contribution of an equal amount.
- New construction homeownership programs seeking assistance through the LCA LHIA funds must have a significant component of the program serving households with incomes at or below 60 percent of area median income. Other homeownership, rehabilitation, home improvement, and acquisition, demolition and resale programs may serve households at up to 115 percent of area median income in areas of low-valued, blighted and substandard properties where the local government is engaged in a redevelopment and neighborhood improvement effort to which it has committed matching local funding.

The LHIA contribution to fill the affordability or value gap in homebuyer programs will be limited to no more than one-half of the difference between the current affordable ownership amount for households at 60 and 80 percent of area median income.

- Homeownership programs involving affordability gap funding requests must include acknowledgment that resale limitations regarding equity realized by buyers assisted by LHIA funding will be imposed by the administrators of the ownership program to recover the public investment represented by the LHIA funds.

- Each funding round, priority will be given to using 50 percent of the funds directed to rental proposals for creating/preserving units affordable at 30 percent of area median income.
- Among these priority proposals, further priority will be given to those in which units affordable at 30 percent of area median income are to meet the needs of the chronically homeless.
- Funds not used to assist rental proposals serving households at 30 percent of area median income or lower may be used to assist rental proposals serving households at 50 percent of area median income.

Competitive Criteria (Other factors to be considered)

- The municipality currently has a net fiscal disparities contribution of \$200 or more per household.
- The municipality does not use its Affordable and Life-cycle Housing Opportunity Amount (ALHOA) expenditure as the source for its matching funds.
- The Housing Performance Scores of the municipalities in which the housing either is located, or is proposed to be located, are considered in inverse rank order in LCA LHIA funding recommendations.

Income Restrictions

Please visit Metropolitan Council's website for the 2009 Rental Affordability Limits
<http://www.metrocouncil.org/services/livcomm/LCAHousingAffordabilityLimits.htm>